DP

UNITED
NATIONS

Governing Council
of the
United Nations
Development Programme

Distr.
GENERAL

DP/1991/SR.29
20 June 1991

ORIGINAL: ENGLISH

GOVERNING COUNCIL

Thirty-eighth session

SUMMARY RECORD OF THE 29th MEETING

Held at Headquarters, New York,
on Friday, 14 June 1991, at 10 a.m.

President: Mr. PIRIZ-BALLON (Uruguay)

later: Mr. GATHUNGU (Kenya)
(Vice-President)

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The meeting was called to order at 10.15 a.m.

SENIOR MANAGEMENT STRUCTURE (continued) (DP/1991/50 and Add.1, DP/1991/51 and 62)

1. Mrs. LONGINOTTI (Italy) said that her delegation agreed with the opinion expressed in the Kienbaum report (DP/1991/50 and Add.1) that the United Nations Development Programme (UNDP) should adopt a clear-cut strategy based on the concept of general human development. It also supported the view that there should be only one Associate Administrator. Italy welcomed the proposal for a centralized strategic function composed of the current Planning and Coordination Office, the Central Evaluation Office and the Human Development Office, and supported the proposed structure for the Bureau of External Relations. The Policy Planning Committee could make a valuable contribution to the definition of strategies, and should therefore be maintained.

2. Her delegation wished to have more information regarding the location of the Special Unit for Technical Cooperation among Developing Countries (TCDC) and the United Nations Development Fund for Women (UNIFEM), including clear indications about the tasks and responsibilities of the Unit. The Administrator's proposal concerning division managers addressed the need for a "transmission belt" between UNDP headquarters and the field offices. By providing headquarters with the necessary capacity for strategic guidance, that new function would facilitate the entire process of decentralization. It would be very useful to have more information about the tasks and responsibilities of division managers. Her delegation shared the view that any upgrading of posts should take place only after substantial savings had been made in the rest of UNDP headquarters.

3. Mrs. DUDIK-GAYOSO (United States of America) said that her delegation considered the findings and recommendations of the Kienbaum report (DP/1991/50 and Add.1) to be part of the Programme's reform process, which should not be allowed to atrophy. In view of the number and breadth of the issues raised in the report, and the Administrator's comments (DP/1991/51), the issue of reform should remain on the Governing Council's agenda. At its current session, the Council would have to consider at least questions relating to the 1992-1993 budget; however, the suggestions made by the Advisory Committee on Administrative and Budgetary Questions (ACABQ) should also be borne in mind. To the extent that the Council deferred decisions, the Administrator should defer action.

4. For several years, her delegation had been seriously concerned about the declining role of UNDP in world-wide technical assistance activities. According to the Kienbaum report, the current level of UNDP resources in real terms was almost unchanged from the level reached over 15 years earlier, and, despite optimistic targets, the outlook for the foreseeable future was not encouraging.

(Mrs. Dudik-Gayoso, United States)

5. Although the Human Development Report was viewed as a basis for a strategic planning effort, the Programme's current organizational structure could not effectively implement the goal of human development. Priorities could not be established, and no regular exchanges took place among senior management officials on questions of strategy. Those shortcomings were clearly related to the Governing Council's inability to provide UNDP with the necessary guidance.

6. The Kienbaum report sought to develop a workable operational strategy to guide UNDP. Logically, the role of the Administrator was the starting-point in that exercise. The number of deputies and units reporting to the Administrator were two long-standing issues, and her delegation believed that no additional deputy posts should be created. Furthermore, the Administrator and his deputy should make it a priority to establish better links between the Programme and the financial and administrative bodies of the United Nations.

7. While the Kienbaum report recommended that the number of units reporting directly to the Administrator should be reduced from 16 to 12, the Governing Council had decided that the reporting arrangements for two of the four units that, according to the consultants, should be removed from the Administrator's direct control - UNIFEM and the Special Unit for TCDC - should remain. Her delegation recognized the political importance delegations attached to the current reporting arrangement for those two units. Nevertheless, alternative organizational structures should be examined with a view to reducing the number of units reporting directly to the Administrator.

8. The establishment of a strategic planning unit should help improve the Programme's operations by making its objectives clearer. However, she questioned its location and wondered why it should be separate from, rather than part of, the Bureau for Programmes and Policy. Her delegation wished to know more about the functions of the proposed Strategy Group and how it would relate to the Bureau for Programmes and Policy. Apart from the reorganization, she wished to know how the work carried out by the Planning and Coordination Office, the Central Evaluation Office and the Human Development Office, and the relationship among them, would change.

9. Her delegation welcomed the Administrator's intention to strengthen the Central Evaluation Office, and wished to know when the detailed workload study would be completed, and what specific steps had already been taken to improve the evaluation mechanism.

10. With respect to the establishment of a new Organization and Methods Unit under the existing Division for Audit and Management Review, her delegation considered that it might be more advisable to include that function within an existing department, or to establish a task force of those involved in various aspects of the Programme's work to propose improvements on the basis of their experience.

(Mrs. Dudik-Gayoso, United States)

11. The audit and management functions should form part of the Strategy Group. One of the main weaknesses of UNDP was the lack of systematic communication which appeared to exist between programme and budget, finance and administrative functions.

12. There was no indication that the restructuring of the Programme's external relations function had resulted in staff reductions. While it was important to increase the Programme's public profile as a development organization, the new structure should not lead to a significant increase in spending on public relations. Her delegation wished to have a precise definition of the specific functions of the Bureau of External Relations, and details about how those functions would relate to new or ongoing functions of field offices. The new unit should also play an important role in ensuring that UNDP staff at headquarters and in the field had better information about the decisions taken by the Governing Council. She wished to know whether the restructuring of external relations activities would improve the Council secretariat's role in that area.

13. Her delegation concurred with the Administrator's decision to transfer various personnel functions to the bureaux and the field offices, since that reflected a more decentralized approach to management. She would appreciate information regarding staff redeployment or savings that had been achieved by such measures, as well as details about the specific functions of the bureaux and the field offices in the personnel area, and what additional activities would be transferred as a result of the change.

14. The establishment of a new Bureau for Programmes and Policy should strengthen linkages between the Strategy Division and senior management, the regional bureaux and the field offices, and her delegation wished to know exactly how the Administrator intended to improve those important linkages. Within the new Bureau, the Administrator had established a new Programme Development and Support Division, which included four separate groups. According to the Administrator's report, the head of each group would be a D-2 during the start-up phase. Justification should be provided for the grade levels for those posts, since they might be too high for the responsibilities and workloads to be undertaken. In addition, the Administrator should inform the Governing Council about his plans for the Strategy Division once the start-up phase had been completed. The Bureau for Programmes and Policy would also include the Division for Global and Interregional Programmes; that change should lead to a better focus and integration of activities carried by that Division in the main programmes of UNDP.

15. Her delegation agreed with the Administrator that the United Nations Capital Development Fund (UNCDF), the United Nations Sudano-Sahelian Office (UNSO), the United Nations Fund for Science and Technology for Development, and the United Nations Revolving Fund for Natural Resources Exploration should be under the control of the Director of the Bureau for Programmes and Policy. Her delegation also agreed that the operational functions of those programmes

(Mrs. Dudik-Gayoso, United States)

should not be transferred to the field offices. Given the level of resources of UNCDF, that Fund should remain a separate entity within the Bureau for Programmes and Policy. It might also be advisable to transfer the operational functions of UNSO to the Regional Bureau for Africa. She agreed with the Administrator's proposals regarding the location of the United Nations Volunteers programme (UNV).

16. Over the past 15 years, the productivity of headquarters staff had declined. The Kienbaum report provided numerous charts detailing the project approval process at headquarters, which seemed to support the conclusion that the Programme's bureaucracy was outdated and cumbersome. The new process promoted sharing of information and experience among different regional bureaux, and improved the quality of the Programme's activities. It was essential that any changes that UNDP might make did not result in a step backward towards the situation that had prevailed a number of years earlier. The Administrator should undertake a thorough review of the internal review and accountability procedures, and provide a detailed report on his findings to the Governing Council. Such a review and report would be an essential prerequisite to any decision to increase the delegation of authority to UNDP resident representatives to $1 million. At the same time, it would be useful to examine the level of approval authority delegated to headquarters units. Her delegation supported the transfer of increased budget and administrative capabilities to the field.

17. The increase in staff at headquarters had included an increase in the number of top-level posts. Growth in posts at the D-1 and D-2 levels appeared to be related to the expansion of the number of individual units within the Administration. In order to reverse those trends, steps should be taken to reduce headquarters staffing by 30 per cent. Her delegation shared the doubts of others about the growth of the Office for Project Services. Both the Administrator and the Governing Council should try, once again, to define the role of that Office.

18. The Administrator's proposed administrative budget for 1992-1993 appeared to be a step towards staff redeployment, if not reduction. A large number of core budget posts had been abolished, but some had only been transferred to another funding source. Further reductions were needed, particularly at the more senior levels. Such cuts could be achieved only through additional organizational changes, including the merger of smaller units and departments.

19. Her delegation accepted the concept of the division manager post, and the need to enhance coordination and feedback with the field. The division managers should provide greater support to field offices than existed under current arrangements, and should interpret headquarters policy to the field. They should be the primary interlocutors of the resident representatives at headquarters, and should have a rank sufficient to that task. Her delegation was prepared to support the concept of the division manager, but believed that

(Mrs. Dudik-Gayoso, United States)

it might be too early to accept that all of those posts should be graded at the D-2 level. The Governing Council should consider adding posts or upgrading existing posts at its regular session in 1992.

20. Her delegation regretted that no specific proposals had been made to reduce either under-secretary-general or assistant secretary-general posts, and urged the Administrator to reconsider that issue and organizational changes that might lead to a reduction of such posts.

21. The Administrator should prepare an action plan indicating when he planned to implement the recommendations on which he would take action and what studies were to be undertaken, with a specific time-frame for those issues or recommendations that required further consideration. A follow-up of that action plan could be considered by the Governing Council at a future session.

22. Mr. TWITE (United Kingdom) said that his delegation had taken note of the letter from the Chairman of ACABQ. While it would be preferable for a comprehensive decision on the question of the senior management structure of UNDP to be adopted at the current session, it was important to take the views of ACABQ into account and to consider the possibility of deferring a decision on certain aspects of the issue to a future session.

23. The United Kingdom supported the main thrust of the Kienbaum report (DP/1991/50) and the need for a clearer strategy for UNDP, more macro-management by senior officials, greater decentralization of functions and authority, and a rationalized structure, including a reduction in the number of units reporting directly to the Administrator. His delegation believed that the consultants had done a very good job in the time available; any gaps or oversights, for instance, the failure to recognize the bottom-up approach, or the treatment of the Office for Project Services, were understandable and forgivable. He welcomed the steps which the Administrator had taken and was planning to take in pursuit of the report's recommendations.

24. The review of the senior management structure and any changes resulting therefrom should be viewed as means rather than as ends in themselves. The objective which was being sought was the best possible delivery of service within the United Nations and wider development systems, together with the best possible management of that service. The Governing Council should not expect that changing the structure of UNDP would automatically improve service delivery. Other steps were necessary, and for that reason, his delegation welcomed the initiatives taken by the Administrator, as set out in paragraph 46 of document DP/1991/51.

25. Turning to the substance of the report, he said that, while his delegation welcomed the significant steps taken by the Administrator, with the assistance of the Council, to develop a strategy using the fifth-cycle themes, the Human Development Report 1991 and other elements, it believed that more

(Mr. Twite, United Kingdom)

could be done. More strategic thinking was needed with regard to the areas of comparative advantage of UNDP and its position in the development system, the future role of the United Nations trust funds and the Office for Project Services vis-à-vis the core programme, and the response by UNDP to General Assembly resolution 44/211.

26. The United Kingdom also believed that the number of administrative units reporting to the Administrator should be reduced by more than the proposed 14. In particular, it supported the suggestion made by other delegations that the Special Unit for TCDC should be placed under the Bureau for Programmes and Policy. The repositioning of a unit did not imply a decline in its status or a lack of emphasis on the activities which it covered. The Special Unit for TCDC made sense functionally and would improve organizational efficiency. In that connection, UNIFEM should remain where it was for the reasons outlined by other delegations.

27. The question of decentralization and the respective roles of senior managers, the Regional Bureaux and the field offices was a thorny one. His delegation supported the move towards decentralization and the proposed shift of functions and authority to the field. Such moves must be accompanied by adequate preparation in the form of clearly redefined job descriptions and training, and by an accompanying shift in personal responsibility. In that connection, his delegation took note of the comment made in the Kienbaum report concerning a lack of "process ownership", and welcomed the steps outlined in paragraph 17 of document DP/1991/51. However, the United Kingdom was far from convinced that the use of the Division Managers as "transmission belts" was a necessary part of decentralization. His delegation agreed with others that the bottom-up process was a very important part of the working methods of UNDP, and failed to see how an extra tier could improve the flow of information from the field to headquarters and vice versa. Likewise, it remained to be convinced that the extra tier reflected the real needs of the Regional Bureaux in the context of greater decentralization. The Regional Bureaux should pass day-to-day management tasks on to the field, and should concentrate on strategy and programming.

28. Before senior management changes were made, the full staffing implications of such measures in the field offices and Regional Bureaux should be considered. It was to be hoped that steps towards decentralization would be accompanied by a full and objective assessment of staffing and managerial needs in those areas. His delegation had taken note of the initiative described by the Administrator in paragraphs 12 to 15 of document DP/1991/51, but was uncertain as to what exactly the two in-house teams were doing and what their timetable was. He would be grateful for more information on that subject and on the field-level report mentioned in paragraph 15 of the same document.

(Mr. Twite, United Kingdom)

29. His delegation supported the idea of a strengthened Bureau for Programmes and Policy; agreed with the Administrator that the funds should not be split, with operations going to the Regional Bureaux, as suggested in the Kienbaum report; and rejected the idea of putting UNV under the Office for Project Services. However, while supporting the strengthening of the Central Evaluation Office, his delegation remained to be convinced that its proper place was in the Strategy Group. While the Office's move towards broader evaluations was acceptable, highly strategic evaluations could easily become almost meaningless. Accordingly, there was at least a need for the Office to supervise and maintain criteria for evaluations by line managers. In his view, the Bureau for Programmes and Policy, the proposed successor of the Bureau for Programme Policy and Evaluation, was the right place for the Office, provided that it could effectively transmit ideas to the Strategy Group.

30. The United Kingdom supported the Administrator's proposals for the new Bureau for External Relations and for the Human Resources Division, although with regard to the latter, the old title would be preferable to the new one. With regard to the proposal to split the personnel functions, while it was always difficult to decide where personnel matters ended and finance or budgeting began, he supported the Administrator's conclusions. As to the generally excellent Bureau for Finance and Administration, he would like to know how UNDP intended to address the needs outlined in paragraph 76 of document DP/1991/51.

31. His delegation, like ACABQ, found the justification in the report for grade classifications and reclassifications to be inadequate. The United Nations had a continuing commitment to review senior posts and UNDP must be flexible in its approach. It was not necessary for bureau heads to be assistant secretaries-general or for division heads to be at the D-2 level. Functions and responsibility, rather than status, must be the criteria.

32. It should also be noted that the effect of any restructuring must be kept under evaluation and review. UNDP must be candid as to which aspects of the structure were not working as well as they should.

33. Lastly, if UNDP was to be effective, the Governing Council must play its part. The idea in the Kienbaum report of more permanent governance deserved consideration. There was also a need for the Governing Council to focus on the macro-level. His delegation believed that the Council should discipline itself and that its members should encourage one another to concentrate on major issues and policies.

34. Mr. POPESCU (Romania) said that the organizational arrangements of UNDP had evolved since 1970 in order to reflect changing needs and legislative requirements. UNDP should continuously adapt itself to the tasks entrusted to it by the General Assembly, the Economic and Social Council and the Governing Council. At the start of a new decade, UNDP must adopt the management structure which it needed in order to cope with the challenges of the 1990s.

(Mr. Popescu, Romania)

35. His delegation could accept several of the suggestions made in the Kienbaum report (DP/1991/50), including further decentralization, reducing the number of reporting lines, and centralizing strategic functions. However, it could not accept the recommendations to dissolve the Special Unit for TCDC or the Resource Mobilization Unit.

36. Governance was essential in implementing the mandate of UNDP within the current legislative framework. Recalling the 1970 Consensus endorsed by General Assembly resolution 2688 (XXV), he said that it clearly defined the role of the Governing Council, which was to provide general policy, guidance and direction for UNDP and to have overall responsibility for ensuring that UNDP resources were employed with maximum efficiency and effectiveness, and the role of the Administrator, which was to manage UNDP under the guidance and control of the Governing Council and to be fully accountable to the Council for all aspects of UNDP operations. Being accountable to the Council did not mean that the Administrator should be appointed by it, as suggested in the Kienbaum report. UNDP was a subsidiary organ of the General Assembly and was administered under its authority and that of the Economic and Social Council.

37. He disagreed with the consultants' view that the allocation of indicative planning figure resources among countries - a task which involved the Governments of all the donor and recipient countries - was merely a micro-management exercise; nor did he feel that appointments to senior posts deserved that characterization.

38. Admittedly, having one regular session of the Governing Council per year was not the best formula. However, in view of their agendas, the special sessions held in February could be viewed as equivalent to regular sessions. Moreover, inter-sessional contacts between UNDP headquarters and members of the Council had intensified as a result of the consultation process. Another mechanism to improve the Council's efficiency which was currently being tested was the Standing Committee for Programme Matters. While his delegation could agree to the proposal for shorter and more frequent sessions of the Council, it could not accept the idea of a smaller, "executive" Council, as proposed by the consultants.

39. Romania was satisfied with the Administrator's decision that UNIFEM should continue to report directly to him, and believed that the same should apply to the Special Unit for TCDC, which should remain as a separate unit within UNDP.

40. Concerning the reorganization of external relations activities, his delegation felt that matters pertaining to the Council should not be combined with public relations and resource mobilization activities. The Governing Council division, by whatever name it was known, should be an independent unit reporting directly to the Administrator.

(Mr. Popescu, Romania)

41. His delegation welcomed the establishment of the Division for Europe, which should be strengthened. In view of the more active involvement of UNDP in technical cooperation for the transformation and recovery of Eastern Europe, and the opening of new offices in that subregion, the Division would have increasing responsibility. For that reason, Romania believed that it should have the same organizational framework as other geographic divisions.

42. Whatever the outcome of the senior management restructuring, the Council should bear in mind the basic principles of the 1970 Consensus: the senior management's full accountability to the Governing Council, and decentralization to the country level.

43. Mr. LIU Lianke (China) said that the 1990s posed new challenges for international and multilateral economic and technical cooperation. His delegation welcomed the proposed restructuring by UNDP of its senior management so as to strengthen its guiding role at the macro-level. In that way, UNDP could provide better support and assistance for the developing countries, and its comparative advantages could be better utilized.

44. The senior management restructuring should be guided by the basic principles of streamlining, decentralization and enhanced efficiency. The functions of the headquarters units should be more clearly focused so as to reduce unnecessary overlap and to utilize fully the potential of the available personnel. UNDP programme activities could thus achieve greater efficiency. The top-level units at headquarters should also free themselves from daily routines in order to concentrate on policy and major studies. They should establish strategic priorities, provide macro-policy guidance for the field activities of UNDP, and promote consultations at the macro-level for programme execution.

45. As national execution had become the standard model for programme implementation, the responsibilities of the field offices had increased. UNDP headquarters should delegate as much power as possible to the field offices to carry out programme support activities, and should streamline programme and project approval procedures so as to improve the efficiency of programme implementation.

46. His delegation supported the Administrator's proposal to increase the authority of the resident representatives and the division chiefs in the area of project approval.

47. The reform of the senior management structure was a highly complex issue requiring concerted efforts by all Member States. His delegation was ready to join with others in holding consultations on the issue.

48. Mr. CHEKAY (Union of Soviet Socialist Republics) said that, in the light of the Administrator's comments on the recommendations of the Kienbaum report, the Administration of UNDP should define its criteria for accepting or rejecting the consultants' recommendations, with due regard for the opinions of the Governing Council and the interests of United Nations technical cooperation and operational activities for the years to come.

49. Section 6.3 of the Kienbaum report (DP/1991/50) asked the question: "Does UNDP want to remain a funding and project-executing institution or does it want to rely increasingly on national execution and concentrate on becoming a thought leader?" In that sentence, the word "leader" should be replaced by the word "generator". Such a change would in no way diminish the Programme's universally recognized leading role and would only emphasize its democratic character.

50. While his delegation fully agreed with the opinion expressed in section 2.1.2 of the report that "being neutral might be a major element of a strategy", it proposed that the words "might be" should be replaced by "should remain". The most promising of the alternative scenarios for UNDP strategy described in section 2.2 seemed to be alternative grand strategy 2, entitled "General human development".

51. With respect to the question of geographical subdivisions, UNDP should not reduce its concentration on particular regions. In the light of the growing importance of the concepts of interdependence and the primacy of common human values, more attention should be paid to global and interregional programmes.

52. Staffing was an extremely important issue. There were at least two approaches to a senior management policy: either proceed from the interests of UNDP as an organization, or take account of Member States' eagerness to use national experience in the interests of UNDP, and the Programme's experience in national economies and administration. In the latter case, wider geographical representation and rotation would be desirable. The most realistic approach would probably be an optimal combination of the two.

53. His delegation supported the idea of strategic decentralization as the most appropriate precondition for the structure of UNDP. With respect to the improvement of administrative functions, and in connection with the statement that "the Integrative Administrative Systems team is undergoing a major effort to revamp the institutions' administrative structure", his delegation requested information about the role of the institutions and of the Director-General for Development and International Economic Cooperation in such work.

54. More information should be provided on the permanent governance of the Programme's work by a small group of experts, including information on the composition of the group, and the financial implications for both Member States and UNDP. Finally, his delegation wished to have answers to the questions raised in section 6.2.4 about the role of governing bodies.

PROGRAMME IMPLEMENTATION

(c) NATIONAL EXECUTION (DP/1991/23)

55. Mr. EDGREN (Assistant Administrator and Director of the Bureau for Programme Policy and Evaluation), introducing the agenda item, drew attention to document DP/1991/23, which had been prepared in response to Governing Council decision 90/21 requesting the Administrator to submit proposals for assisting recipient Governments in building up their programme management and administrative capacities. The proposals had taken account of: flexible approaches in providing support to national programmes; greater decentralization to the country level, so as to encourage Governments to make the fullest use of national capacity; integrated United Nations system collaboration at the country level; and greater simplification of procedures and formats, with particular emphasis on accepted standards of accountability, both financial and substantive.

56. Document DP/1991/23 sought to link national execution to the facilities of the new support-cost system, and to be responsive to more comprehensive programming approaches. In addition, there should be no doubt that national execution was a concept which invited agency involvement. An increase in national execution did not automatically imply a decrease in agency implementation or an increase in execution by the Office for Project Services.

57. The term "national execution" evoked wide-ranging and often contradictory reactions. The concern of UNDP was primarily with the development impact of its programmes. However, the manner in which the programmes would be delivered and managed was always examined and approved on a case-by-case basis. That was done with regard to institutional capacity and to the technical advice needed.

58. The frequently recommended gradual approach should not be implemented on a project-by-project basis. Gradualism must be approached comprehensively, on a sector- or country-capacity basis, otherwise the development objective of capacity-building would be forgotten.

59. UNDP statistics revealed that, after 15 years of seeking to implement national execution gradually and sensibly, as at 1 January 1991, national execution had accounted for only 12 per cent of UNDP disbursements for 1990, 12 per cent of its commitments and 15 per cent of its ongoing projects, although more than 117 countries had at least one Government-executed project. However, 20 countries accounted for 75 per cent of the expenditure involved.

60. Paragraphs 4 to 11 of the document (DP/1991/23) sought to establish the framework which must be comprehended if national execution was to be further developed and sustained. The framework called for national capacity-building to be the major objective of national execution; for the fullest involvement of the United Nations system in complementing national execution; and for Governments to exercise choice as to varying methods of implementation.

(Mr. Edgren)

61. The demand for high-quality technical cooperation must be satisfied from quality sources. Furthermore, if the national execution outcomes were not sustainable, they would neither strengthen national capabilities for development management nor facilitate self-reliant growth.

62. Paragraph 12 outlined the policy guidance required for developing new programmes in the fifth cycle and beyond. The Council's endorsement of that policy framework would facilitate its continued operational application. It would therefore establish the policy basis for providing further clear and comprehensive operational guidance.

63. Six sets of proposals had been put forward by the Administrator, beginning in paragraph 15, to support capacity-building in national programme management, implementation, administration and accountability: (i) proposals which sought to obtain a comprehensive view of capacity and its strengths and constraints in a particular sector or programme, in order to create the conditions for national execution; (ii) proposals which would provide critically needed managerial inputs to ongoing or future national programmes; (iii) proposals which explained how UNDP assistance would respond to and be integrated into the needs of national programmes; (iv) proposals which facilitated the national implementation of UNDP-assisted projects through government supporting mechanisms; (v) proposals which fully involved United Nations agencies - upstream at programming levels, downstream at implementation levels and throughout the project cycle - in ensuring accountability for substantive programme quality through proper monitoring and evaluation; and (vi) proposals which strengthened financial accountability and helped to simplify procedures.

64. Many of those proposals had been developed from practical examples. They reflected concerns which had emerged from the needs assessments conducted for the fifth programming cycle. They all took into account the links between national capacity and national execution, and reflected the fact that Governments and the United Nations system wished to give full expression to the relevant provisions of General Assembly resolution 44/211.

65. Mr. MEHDI (United Nations Industrial Development Organization) said that the commitment of the United Nations Industrial Development Organization (UNIDO) to the objectives of national execution was unequivocal and unconditional. National management was already the norm in UNIDO-executed projects, particularly in projects whose main aim was to build national capacity. UNIDO was willing to transfer to Governments all project management responsibilities that might be agreed upon.

66. National execution could not be enhanced unless there was first a definition of the roles and functions of the partners in the tripartite relationship. It was important to preserve and strengthen the unique character of multilateral assistance and its technical component, to ensure that the benefits of 40 years of experience, characterized by independence and neutrality, were not lost.

(Mr. Mehdi, UNIDO)

67. In the light of the distinction between execution and implementation outlined in paragraph 15 of document DP/1991/23, and considering that Governing Council decision 90/26 had separated the technical component from the administrative and operational components for reimbursement purposes, he wished to suggest a simpler and perhaps more effective approach to national execution which eliminated the division into two modalities of project execution. Under that approach, all projects would be nationally executed, and Governments would have full responsibility for and control over projects at all stages of the project cycle. All projects would benefit from technical support provided by the specialized agencies concerned, and would be financed through technical support services at the project level (TSS-2) or in accordance with the "old arrangement" for the smaller agencies. That support must include technical appraisal, monitoring, back-stopping and joint evaluation. Governments would determine which project segments they would implement themselves and those for which they would seek agency assistance. UNIDO was prepared to elaborate further on that approach.

68. Mr. FORBES-WATT (Food and Agriculture Organization of the United Nations) said that the Food and Agriculture Organization (FAO) was increasingly being asked to assist with components of nationally executed projects. The amount of agency and national participation appropriately varied from project to project.

69. FAO had observed a certain degree of premature action in the promotion of national execution in the field. It was important to await the results of the debate on the subject in the Governing Council, and of any further debate in the light of General Assembly resolution 44/211, in order to ensure the desired outcome.

70. FAO was also aware that a very substantial number of new nationally executed projects were receiving significant management support. While some of that support was warranted, it should not be a substitute for Government involvement. Input from UNDP's Office for Project Services was also increasing. Further information and monitoring were desirable to ensure that the process of national execution was evolving as envisaged.

71. A recent survey of 60 resident coordinators by the Office of the Director-General clearly showed that an important agency role was foreseen in project implementation as countries moved towards greater national execution, through capacity-building, and advice and assistance to sustain that capacity. The results of the survey would be provided in the Director-General's report to the Economic and Social Council.

72. Mr. CHIBA (United Nations Educational, Scientific and Cultural Organization) said that the United Nations Educational, Scientific and Cultural Organization (UNESCO) welcomed the shift by UNDP from a narrowly focused view of economic development to a broader concept covering the human, social and cultural dimensions of development, and looked forward to continued

(Mr. Chiba, UNESCO)

cooperation with UNDP. National execution was a centre-piece of the Regular Programme activities of UNESCO. National centres of excellence had, since UNESCO's inception, formed the basis of its regional and global networks. While the ultimate goal of all development cooperation was national execution, and that modality should be enhanced, that in itself would not accelerate the development process. Multilateral technical cooperation required a delicate balance among Governments, funding organizations and technical agencies.

73. UNESCO continued to feel that the drive towards national execution appeared to favour a bipartite relationship between UNDP and recipient countries, leaving to agency partners the role of subcontractors. Current procedures and practices had failed effectively to promote United Nations technical agency support for national execution, despite recent Governing Council and General Assembly decisions. UNESCO's concern was further aggravated by the fact that UNDP itself was the most active institution currently furnishing administrative and technical support for national execution, either through increased field office staffing or through its Office for Project Services. UNDP had in effect duplicated back-stopping capabilities built up at considerable cost by the United Nations technical agencies. The worst feature of that duplication was that it seriously weakened the tripartite principle, leaving national institutions without the benefit of the networks, contacts and experience of their agency counterparts. UNDP, in reflecting on its future role, must choose between being a system-wide coordinator and country-level team-leader, on the one hand, and a major executing agency, on the other hand. It was to be hoped that UNDP would opt for arrangements that would lay the foundation for a workable realignment of the roles of the respective agencies.

74. The issue of support costs was intimately related to the question of maintaining the tripartite principle. The new support-cost arrangements were supposed to shift the agency role away from project implementation and towards closer cooperation with UNDP in programming and in providing policy and sector strategy advice, and the technical back-stopping of national project implementation. He questioned whether those key objectives could be attained through the arrangements proposed. With respect to technical support services at the programme level (TSS-1), there was little assurance that agency assessments would be effectively solicited and, when solicited, well integrated into actual programming exercises. The task of matching the analytical work already funded by the agencies with the requirements of UNDP would require trust, common sense and a strong will to overcome procedural barriers.

75. Thus far the agencies had played a marginal role in the formulation of country programmes, national technical cooperation assessments and programmes, and round-table exercises. They often were faced with scepticism about sectoral approaches to programming, as though multisectoral programming somehow could be accomplished without considering the sectoral parts which made up the whole. Moreover, the programme preparation funds available

(Mr. Chiba, UNESCO)

primarily to UNDP from Special Programme Resources were higher than those utilizing the TSS-1 facility. Once the agency role in project implementation had declined, a major share of TSS-2 funds would be available for technical services in support of nationally implemented projects. Those funds should be twice the proposed amount, and should be distributed not according to indicative planning figure (IPF) levels but, rather, either on the basis of the importance of the field of competence of the agency concerned for any given project, or in proportion to the most recent share of national implementation in those fields. The absence of earmarking by agency or sector would lead to a "first come, first served" policy, and the lack of predictability would seriously hinder advance planning of the expected agency co-financing of those services. The problem also affected TSS-1 services.

76. UNESCO preferred the "old regime", because the proposed innovations could be brought about without those complex new arrangements and transition to the new complex system was not cost-effective for UNESCO, whose share of the UNDP programme was about 3 per cent. UNESCO regretted that the support-cost issue had consumed so much of its time and energy. He reiterated UNESCO's appeal to the Council in 1990 that it should adopt decisions which reinforced mutual respect and confidence among the tripartite partners in the United Nations development cooperation system.

77. Mr. Gathungu (Kenya) took the Chair.

78. Mr. INOUE (International Labour Organisation) said that the International Labour Organisation (ILO) was fully committed to the process of strengthening national capacity. The ILO International Training Centre in Turin, in collaboration with UNDP, had been conducting workshops for nationals on the management and assessment of technical cooperation.

79. In the spirit of General Assembly resolution 44/211, the move towards national execution should be Government-led, reflecting each country's needs and capacities, and should be based on objective assessments of past experience. A hasty shift to national execution would have undesirable consequences.

80. All the entities concerned in the United Nations system should support those efforts by providing the services required in their respective fields of competence. Governments in turn should have direct access to those services in accordance with their needs. Marginalization of the agencies should be avoided at all costs. Countries should also make full use of the expertise and capacities that they themselves had built up in their own institutions.

81. Mr. REAZ (Malaysia) said that his delegation strongly supported the promotion of national execution as a means of developing greater responsibility and self-reliance among recipient countries with respect to their technical cooperation programmes. Most Governments would not encounter much difficulty in assuming the responsibilities of national execution, in

(Mr. Reaz, Malaysia)

view of the experience they had accumulated in executing projects funded by the World Bank and other lending institutions. Many recipient countries had not considered national execution seriously, simply because they had had the option of choosing the modality of agency execution.

82. The ability of Governments to become the principal agents in determining the speed and manner of implementation of their country programmes would depend on the extent to which UNDP was guided by their wishes. Since that execution modality was relatively new for most countries, UNDP field offices should be strengthened so that they could provide assistance when asked to do so.

83. It should be up to Governments, which were in the best position to assess their own requirements and capabilities, to decide whether the specialized agencies should be involved in the implementation of UNDP technical cooperation projects. The agencies should take immediate steps to improve their managerial capabilities and technical expertise so that they could play a more effective role, and should develop in-house expertise comparable to that of private consulting firms.

84. His delegation endorsed the various steps suggested to strengthen national capacity for self-reliance. Special management units should be considered only if national capacity was inadequate to support the new responsibilities; if established, they should be located at the counterpart agencies and should be financed by add-on funds or any other fund established under the successor cost arrangements. He welcomed UNDP's efforts to strengthen its field offices in order to streamline project implementation.

85. His delegation did not endorse the contention that technical monitoring and evaluation of nationally executed projects must involve the technical partners of UNDP in order to ensure programme accountability. That assumption undermined the integrity and reliability of Governments. UNDP and Governments should be equal partners in development.

86. His delegation agreed that efforts to foster proper accountability in respect of Government-executed projects should be enhanced, and supported the proposals to that effect. Greater use of private-sector auditing firms would be of particular benefit to countries with sizeable country programmes. The administrative and financial requirements should be simplified to facilitate the accountability process. Lastly, his delegation would welcome additional training opportunities on the various topics relating to national execution.

87. Mr. LIMA (Brazil) said that his Government was making every effort to encourage the implementation of nationally executed projects in its country programme. UNDP continued to play an important role in support of his Government's efforts to create the required internal capacity for that purpose. A national Project Implementation Unit, established in 1990, was responsible for 80 per cent of all projects being implemented by his

(Mr. Lima, Brazil)

Government, and it was hoped that by the end of 1991 it would be implementing all such projects. His Government had always drawn a distinction between project execution and project implementation, along the lines of the one set forth in paragraph 15 of document DP/1991/23.

88. His delegation fully agreed with the proposals in section IV of that document concerning the utilization of additional resources available through the implementation of nationally executed projects.

89. In carrying out its next country programme, his Government planned to focus on select areas which reflected national priorities in respect of which technical cooperation could play a significant role. The specialized agencies should contribute their expertise in technical areas where national capacity was not available. The modalities of national and agency execution could coexist in a country programme or even in the same project.

90. Mr. MUGUMI (Observer for Uganda) said that General Assembly resolution 44/211 and Governing Council decision 90/21 reflected a clear and definitive consensus on the use of national execution as the preferred modality for project/programme execution. Governing Council 90/21 specifically identified the introduction of successor arrangements for agency support costs and the beginning of the fifth programming cycle in 1992 "as an opportunity to pursue and accelerate vigorously" the process of national execution. National execution was a necessary condition for national capacity-building and promotion of self-reliance. The Administrator's report (DP/1991/23) clearly identified the obstacles to the growth of national execution.

91. Uganda had embarked upon making national execution a reality: a national execution unit had been set up in the Ministry of Planning and Economic Development to undertake management of unfunded projects/programmes; all government agencies had been advised that national execution was the preferred modality for project/programme execution, and line ministries must indicate why any potential projects proposed for funding could not be under national execution; a series of national seminars on national execution had been held and had developed a consensus on proposals on key related issues; the Auditor General had been empowered to engage reputable private accounting firms to ensure that audit and financial reports on unfunded projects were properly prepared and on time, and every attempt was being made to integrate all donor-funded programmes/projects into the national development budget.

92. That was where Uganda expected the UNDP Governing Council and the Administrator to support its efforts by removing any further obstacles to the national objective of shifting to national execution as the preferred modality. A number of clear measures needed to be agreed upon by the Governing Council. Firstly, it was necessary to establish a clear framework and guidelines for UNDP's policy, practices, procedures and formats designed to support and promote national execution in countries wishing to expand national execution. Secondly, any conflict of interests involved in the

(Mr. Mugumi, Observer, Uganda)

complex matrix of national execution must be removed, which was why the role of the Office for Project Services in the shift to national execution should be clarified. The integrity of Governments in the national execution process should be respected. Thirdly, strong support must be given to government national-execution units, with a view to providing administrative and procurement services to individual programmes and projects. Fourthly, there must be a clear and genuine commitment by United Nations agencies to support national execution. There were useful proposals in that area in section VII of the report. Lastly, on the issue of the agencies' role in the promotion of national execution, he wished to stress that the agencies must grow and change with the times. He hoped that the senior management of the various organs of the United Nations would have the courage and the vision to commit the agencies to shifting to national execution. He had been encouraged by the statements made by the representatives of the agencies at the current meeting.

93. Mr. KOIKE (Japan) said that the Administrator's report contained proposals that provided a good basis for in-depth consideration of the issue of national execution.

94. Japan was pleased that many recipient Governments had already expressed a commitment to national execution. However, the report indicated that progress had so far been uneven and that it had been concentrated in a limited number of countries. The report also indicated that concern in the Governing Council "over the accountability of the Administrator for the effective use of resources and quality of implementation" had been increasing.

95. A mechanism must be established to support recipient countries in their efforts to overcome their deficiencies and to remove constraints as they strove to build capacity for national execution, and it was also essential to devise ways and means of providing back-stopping by United Nations agencies. The Council had an opportunity to create such a mechanism as it determined the final details of successor arrangements for agency support costs. It was necessary to establish clearly at the current session a general strategy and the roles the various agencies would play in each phase.

96. Reviewing past experience, the report concluded that the project-by-project approach had failed to attract the technical support of the specialized agencies that was necessary for national execution, with the result that the choice of implementing agencies available to a recipient Government was limited. A recipient Government could thus choose a United Nations agency or a government unit.

97. Japan welcomed the approach proposed by the Administrator, namely, a comprehensive dialogue with each recipient Government to determine an overall national execution strategy. The key to success was the participation and commitment of the relevant authorities of the recipient Government. Consequently, it was best to take a more comprehensive and programme-level approach, which should be determined jointly by UNDP and the Government

(Mr. Koike, Japan)

concerned. It was the role of UNDP to organize such a dialogue and to ensure the participation of the relevant United Nations technical agencies in assessing national implementation capacities and, where shortcomings existed, in formulating and implementing programmes to correct them. Under the leadership of UNDP, the United Nations system was making welcome efforts to promote those ends.

98. Japan endorsed the Administrator's view that there was a complementarity between national execution and adoption of a national programme approach. It therefore supported the proposals in paragraph 29 of the report relating to the involvement of the agencies at the programme level. It believed that the proposed inter-agency facility deserved in-depth consideration. At the same time, it regarded as indispensable the recipient Government's contribution from its own IPF or other resources to activities such as training courses. At the project implementation level, full use should be made of the technical expertise of United Nations agencies, and of the TSS-2 facility.

99. It was clear that, to the maximum extent possible, Governments should provide the administrative and operational services required for national execution. Such services should not be used to subsidize Government-related organs and personnel, but rather to compensate external agencies for their services. On the other hand, there was no reason to exclude any competent agencies from providing administrative and operational services. Consideration should also be given to having the Office for Project Services provide necessary services in such areas as procurement, recruitment and financial administration. Competition among the various technical agencies was desirable. By the same token, the resident representatives should act according to a clear set of guidelines, which should take into consideration the concerns expressed by United Nations agencies that had no field representation. The resources saved in that manner should go primarily to programmes to strengthen national execution capacity.

100. Once a mechanism that encouraged national execution had been established, it was important to monitor how the system was working in each country. The national execution modality would not grow unless it was accompanied by accountability. The measures proposed in the report in that connection must be implemented in such a way as to keep pace with the growth of the modality, with back-stopping assistance, as needed, to be made available through the United Nations system.

101. Mr. PETTITT (United Kingdom) said that the Administrator's report (DP/1991/23) was a good attempt to respond to Governing Council decision 90/21. It was important for the concept of national execution to be defined by a Council decision. The United Kingdom had been content with the definitions of both "national execution" and "implementation" proposed by the Administrator the previous year. Those definitions should be endorsed, and not merely noted as mentioned in paragraph 15 of the Administrator's report. That was to say that the definitions should be adopted unless there were other

(Mr. Pettitt, United Kingdom)

wider considerations in the United Nations system, at either the governmental or the secretariat level, which required a different approach.

102. Given the definition of national execution as the modality in which the recipient Government had sole responsibility for the coordination of external assistance and principal responsibility for its design and management, there should be no difficulty in accepting that national execution was the usual modality of execution of national projects, that there need be no special arrangements governing it, and that there need be no implication that national execution was a code-word for "agency exclusion" or "marginalization" The reference to national execution as the ultimate modality would, in those circumstances, become near to a tautology.

103. In so far as agency services had been used to replace government functions in the execution of projects in that new sense, the United Kingdom agreed with the relevant proposals set out in the Administrator's report. The United Kingdom's concern was that the capacity to perform the normal functions of Governments should be developed, and that no new and permanent form of dependence involving UNDP should be allowed to grow.

104. With regard to implementation of projects, the weakness identified in the Administrator's report and in other available documents was the expectation that implementation should be either by an agency or by a Government. The arrangements for the involvement of agencies through cooperation agreements and by other means seemed to need further work, both on the administrative side and on the means of remuneration. The United Kingdom agreed with the emphasis placed in the report - and in the statements made by the representatives of the agencies and by the representative of Japan at the current meeting - on the use of the TSS-2 modality as well as administrative and operational services.

105. The previous year the United Kingdom, Germany and Austria had had reservations with regard to the proposal - incorporated in the proposals on successor arrangements - to transfer the former support-cost provision to the IPFs, while at the same time proposals were being considered for a different approach to national execution and an encouragement of national implementation. They had withdrawn their objection on the basis of an assurance by the Administrator that adequate administrative arrangements would be put in place to ensure that the Administrator would agree to national implementation only if he was satisfied that the capacity to implement the project in question was genuinely in place, or at least capable of being developed in the relevant time. They awaited a further explanation of the arrangements proposed and an indication of what texts or instructions would set out the arrangements with effect from 1 January 1992, when the fifth cycle and the new arrangements began.

106. The introduction of national implementation should not be artificially forced. If there had been some justifiable disappointments in the progress of

(Mr. Pettitt, United Kingdom)

the national execution modality, as earlier conceived, they should have been relieved by the extent of the informed discussion on the matter by the Council, as well as through the initiative started by General Assembly resolution 44/211. The rate of change depended on many factors, often working in different directions. Clearly, in a substantial project the phasing-out of direct agency execution or involvement could be expected, and was a matter which could be designed in.

107. The United Kingdom contributed to UNDP primarily because of UNDP's capacity to engage the resources of the United Nations system in technical assistance in accordance with the tripartite concept. It would therefore always question whether proposals not essentially involving the system outside UNDP at some stage of the cycle were valid ones for UNDP finance. That pragmatic view also took into account the size of UNDP's resources, its relatively complex processes and procedures, and the relative ease of financing projects not requiring involvement of the system from bilateral and other sources.

108. Mr. DEMONGEOT (United States of America) said that Governing Council decision 90/21 had taken note of the definition of national execution without either endorsing it or rejecting it. Project execution, as defined in the 1969 Capacity Study and as used in the Consensus of 1970 referred to the implementation of the UNDP-financed components of a project, which normally comprised the procurement and delivery of external inputs, such as international experts, equipment and fellowships. That was then exclusively the responsibility of the executing agency, normally a specialized agency, whereas the recipient Government was responsible for the implementation of the domestically-financed components of a project. In principle, recipient Governments had retained the responsibility for the overall formulation and management of UNDP-assisted projects. On a practical level, however, agency execution of UNDP-assisted projects had led to two major problems.

109. The first problem had been that the locus of project management had tended to shift from the country where the project was being implemented to the headquarters of the executing agency. The second problem had been that the responsibility of specialized agencies to provide technical support to UNDP-assisted projects had become inseparable from their responsibility, as executing agencies, to deliver externally-financed project inputs. Thus, when government execution had been introduced, in large part to address the first problem, the transfer of project execution responsibilities to Governments or, in reality, to UNDP field offices had been automatically accompanied by the withdrawal of technical support by specialized agencies. That second problem had now been addressed by Governing Council decision 90/26. However, the provisions in question applied only to the five major executing agencies.

110. Governing Council decisions 90/21 and 90/26 both encouraged national assumption of administrative and operational support functions when national capacities existed. But they also called for national assumption of programme

(Mr. Demongeot, United States)

and project management responsibility, whether or not administrative and operational support was provided by an external agent. Thus the Administrator's proposals to redefine project execution and to distinguish between "execution" and "implementation" were consistent with the intent of decisions 90/21 and 90/26. The United States agreed, therefore, that national execution should not be equated with the assumption of administrative and operational support functions, which the Administrator referred to as implementation.

111. While the new distinction between "execution" and "implementation" was clearly applicable to the five major agencies covered by the new support-cost arrangements, it was not as easily applied to the agencies remaining under the current support-cost regime, including the World Bank and possibly the Office for Project Services. It appeared to his delegation that the old definition of project execution still applied in those instances.

112. One also should be careful not to define project execution only in terms of national assumption of programme responsibility. National assumption of responsibility for programmes and projects indeed was a necessary condition of national execution, but it was not a sufficient condition. National execution also required national assumption of accountability for the use of UNDP resources. The United States believed that that constituted the critical difference between national execution and agency or direct execution. It was the responsibility of the UNDP resident representative, when considering whether or not a project should be nationally executed, to determine whether the government agency or national institution concerned had the capacity to discharge accountability functions effectively.

113. If the Governing Council accepted the broad definition of national execution, and the distinction between "execution" and "implementation", then UNDP should no longer speak of the "introduction" of national execution, as if it were still an administrative modality. Instead, UNDP and the United Nations system as a whole should assist in building up or strengthening appropriate management structures within government agencies and national institutions responsible for UNDP-assisted and other development programmes and projects. There was no substitute for that process. The expedient of setting up temporary project or programme management units, supported by UNDP field offices or the Office for Project Services, could only hinder real capacity-building.

114. The United States was therefore somewhat concerned by the emphasis in the Administrator's report on the role of UNDP field offices and the Office for Project Services in providing direct support to national management and implementation, and in mobilizing management resources, nationally and internationally, to supplement the existing capacities of the national agencies or institutions responsible for programme and project management. It was more important to build up permanent, sustainable capacity in those national agencies and institutions than artificially to accelerate the growth

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of national execution and implementation through reliance on UNDP field offices, the Office for Project Services and externally-supported "parallel" management structures.

115. UNDP had a very important role to play in assisting Governments in assessing programme management and administrative support capacities across sectors, in formulating appropriate capacity-building strategies, and in implementing those strategies. It was in support of that process of capacity-building assistance that UNDP should mobilize the expertise of the United Nations system, as well as national management expertise available outside government agencies.

116. That capacity-building assistance should include the strengthening of accountability functions. Since the capacity to perform such functions had been a continuous problem, strengthening that capacity should be an essential part of UNDP-supported national capacity-building strategies. It was only after the necessary programme management and administrative capacity was in place that UNDP field offices should assist national agencies and institutions in meeting specific UNDP requirements with respect to accounting, reporting, auditing and the like. The role of UNDP field offices, however, should be purely advisory. If transitional assistance was needed, it should be provided by agencies or the Office for Project Services. Such assistance might be funded from the IPF sub-line. General capacity-building assistance, however, would have to be financed from other sources, such as the Management Development Programme or regular IPF funds. The United States was concerned that adequate resources might not be available for that purpose.

117. The United States agreed that the programme approach, national execution and decentralization to the country level were all essential elements of a more effective tripartite system of cooperation. It was only at the programme level that capacity-building assistance in the field of programme management and administration could be effectively integrated with efforts to build up technical capacity. However, the United States again wished to caution against the creation of temporary programme management units.

118. The United States realized that, over the past year, the attention of UNDP and the agencies had been monopolized by the support-cost issue. As a consequence, there seemed to have been inadequate consultation between UNDP, agencies and Governments on the formulation of concrete proposals for assisting recipient Governments in building up their programme management and administrative capacities. The United States would like such proposals to be available for review by the Standing Committee for Programme Matters at its next inter-sessional meeting.

119. The United States would also like UNDP to develop, in time for review by the Standing Committee at its next inter-sessional meeting, a set of guidelines for the formulation, appraisal, monitoring and implementation of nationally executed projects. The guidelines should specify what actions were

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required at various stages of project implementation, and should consequently be included in project documents prior to approval. There should be clear procedures governing the respective roles of UNDP, agencies and recipient Governments during the phases of the project cycle.

120. Lastly, the United States expected that the Standing Committee would have an opportunity at its meeting in February 1992 to review the well-thought-out proposals for a programme approach to technical cooperation and capacity-building.

121. Mr. KRUGER (Nicaragua) said that the United Nations system, and UNDP in particular, had been of crucial importance in the struggle for peace, reconciliation and economic viability in Central America. Like the administrations of other countries in the region, his Government was well aware that its primary responsibility was to build democracy in the post-war era, and was proceeding to do so with the support of all its people. The task of managing the transition from war to peace, economic recovery and social justice was extremely complicated, but the Government was striving to ensure that the costs of economic adjustment were equitably distributed among the entire population. The economic programme adopted at the beginning of March 1991 had broken a 39-month cycle of hyperinflation, and there were clear indications that confidence in the country was beginning to be restored. Serious problems remained, including an unemployment rate of 40 per cent and a level of per capita income barely equivalent to that achieved in the late 1940s. Conflicts of opinion, as in any country, were inevitable, but a firm commitment to democracy should ensure their eventual solution.

122. Central America could and must build democracy and fulfil its commitments to human rights through a civilized solution of its conflicts. Major progress had been made on the path towards that objective at the Esquipulas meetings, in the efforts undertaken by the region's Presidents and particularly through the Arias Plan. His country's people was well aware of the crucial stage it had reached in its history as it sought to join in the process of human development without poverty, of development of, for and with people, as well as in the strategy for equitable productive transformation proposed by the Economic Commission for Latin America and the Caribbean. The Government had adopted the fifth-cycle priorities for UNDP cooperation, and placed special emphasis on regional programmes such as the Special Plan of Economic Cooperation for Central America. It needed international cooperation, particularly the cooperation provided by UNDP, from which it had already learned the importance of national execution. If international cooperation, in its turn, were to become more flexible, to take account of national priorities and to bring its management procedures into line with the real requirements of the countries concerned, its contribution to development would be even more beneficial.

123. UNDP had already been very successful in achieving such a balance in his country. Its support had contributed to the processes of transition,

(Mr. Kruger, Nicaragua)

reconciliation, harmonization, economic revitalization, popular participation, and reform and modernization of the State apparatus. The assistance of UNDP in analysing the technical cooperation requirements submitted to the World Bank consultative group and the Management Development Programme were of great value. The Special Programme for Central America had been instrumental in arranging emergency assistance for the region, as well as in organizing the International Conference on Central American Refugees and the Programme in favour of Displaced Persons, Refugees and Returnees, without which progress towards peace would have been impossible. The advantages of the Special Programme were such that it could serve as an example for other regions while, in the case of Central America, leading to new strategies, such as emphasis on social development, environmental protection, policies covering the private sector, advice on the rationalization of economic policies, and the strengthening of external trade.

124. Plans for his country under the fifth programming cycle regarded the building of post-war democracy as a specific objective of cooperation, with productive employment, action on behalf of vulnerable groups, preservation of the environment, housing, health, education and culture as its main components. UNDP had understood his country's historical situation and immense possibilities, and was working side by side with the Government in addressing the misery caused by war. The country had a tradition of dignity and perseverance, and a capacity both for great suffering and great achievements. Like the rest of Central America, it would, with the help of the international community, overcome its current difficulties and put them behind itself for ever.

The meeting rose at 1.15 p.m.